



PRESIDENT'S COMMISSION ON PERSONNEL INTERCHANGE

TO CONGRESSIONAL AFFAIRS REPRESENTATIVES
OF DEPARTMENTS AND AGENCIES PARTICIPATING IN THE
EXECUTIVE INTERCHANGE PROGRAM

As you know, the House of Representatives, through a parliamentary maneuver by one of the members, refused to appropriate funds for the President's Commission on Personnel Interchange. J. Stanford Smith, Chairman of the Commission, and Chairman of the Board of International Paper Company, views this situation with alarm and has sent a telegram to the heads of Departments, Agencies, and companies who have participated in the program expressing his hope the situation can be reversed.

A meeting has been called for the representatives of Departments and Agencies participating in the interchange program to fully discuss the matter. The meeting will be held at 10:30 a.m., Executive Office Building, Room 459 Tuesday, July 30. I hope you will be present.

H 5678

CONGRESSIONAL RECORD — HOUSE

June 25, 1974

services as authorized by title 5, United States Code, section 3109, at such per diem rates for individuals as the President may specify, and other personal services without regard to the provisions of law regulating the employment and compensation of persons in the Government service; hire of passenger motor vehicles, newspapers, periodicals, teletype news service, and travel (not to exceed \$100,000), and official entertainment expenses of the President, to be accounted for solely on his certificate; \$16,367,000.

AMENDMENT OFFERED BY MR. STEED

Mr. STEED. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STEED: Strike out all after line 17 on page 10 through line 3 on page 11, and insert the following: "For expenses necessary for the White House Office as authorized by law, \$16,367,000."

Mr. STEED. Mr. Chairman, I do not think we need to take a lot of time on this amendment. This is the amendment we talked about earlier, and it brings our bill in line with the authorizing legislation passed by the House earlier today.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma (Mr. STEED).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

CIVIL SERVICE COMMISSION

SALARIES AND EXPENSES

For necessary expenses, including services as authorized by 5 U.S.C. 3109; medical examinations performed for veterans by private physicians on a fee basis; rental of conference rooms in the District of Columbia; hire of passenger motor vehicles; not to exceed \$2,500 for official reception and representation expenses; and advances or reimbursements to applicable funds of the Commission and the Federal Bureau of Investigation for expenses incurred under Executive Order 10422 of January 9, 1953, as amended; \$90,000,000 together with not to exceed \$18,698,000 for current fiscal year administrative expenses for the retirement and insurance programs to be transferred from the appropriate trust funds of the Commission in amounts determined by the Commission without regard to other statutes: *Provided*, That the provisions of this appropriation shall not affect the authority to use applicable trust funds for administrative expenses of effecting statutory annuity adjustments. No part of the appropriation herein made to the Civil Service Commission shall be available for the salaries and expenses of the Legal Examining Unit of the Commission, established pursuant to Executive Order 9358 of July 1, 1943, or any successor unit of like purpose.

POINT OF ORDER

Mr. VANIK. Mr. Chairman, I make a point of order on the language beginning at line 12 on page 12 of this bill with the figures "\$90,000,000" through line 20 ending in the word "adjustments."

The CHAIRMAN. Does the gentleman desire to be heard further on his point of order?

(Mr. VANIK asked and was given permission to revise and extend his remarks.)

Mr. VANIK. Mr. Chairman, the basis for this point of order is that the

No appropriation shall be reported in any general appropriation bill, or be in order as an amendment thereto, for an expenditure not previously authorized by law.

Mr. Chairman, it is my understanding that there is in fact no authorization for the President's Commission on Personnel Interchange for which \$353,000 is herein requested. It was created solely by Executive Order 11451 on January 19, 1969.

This House rule is supported in this regard by title 36 of the United States Code, section 673, which also indicates that no funds should be expended by this body without authorization. The full section of the law reads as follows:

TITLE 36, SECTION 673

No part of the public monies, or of any appropriation made by Congress, shall be used for the payment of compensation or expenses of any commission, council or other similar body, or any members thereof, or for expenses in connection with any work or the results of any work or action of commission, council, board, or similar body, unless the creation of the same shall be or shall have been authorized by law; nor shall there be employed any detail hereafter or heretofore made or otherwise personal services from any Executive Department or other Government establishment in connection with any such commission, council, board, or similar body.

Mr. Chairman, I have a particular concern in regard to a program whose appropriation is contained within the language of lines 12 through 20 of page 12 of this bill. The program is the President's Commission on Personnel Interchange, created solely by Executive Order 11451. There has never been an authorization hearing concerning its operation, since its creation at the beginning of 1969.

A preliminary examination during the past several months by my office and the GAO has revealed a series of potential conflicts of interest. These problems are so serious that the GAO has already referred two cases involving Presidential Interchange personnel to the Justice Department for potential criminal conflicts-of-interest violations.

Mr. Chairman, this point of order does not necessarily mean the end of this program. The Congress may and should consider it through the regular authorization process. By following normal procedures, the Congress may be able to write in safeguards preventing future conflict-of-interest problems.

In addition, one must remember that the program's cost of \$353,000 as outlined in one brief sentence in the House subcommittee hearing, is only one-tenth of the actual cost of this program since all salaries, travel, moving expenses, and other incidental costs are paid fully by the agency which hires for 1 year an interchange candidate.

I have grave reservations concerning the continuation of this program at all, since I believe that agencies which regulate certain industries will surely have problems with conflict of interest when they hire key industry personnel from the very industries which they are supposed to regulate.

from a major company ends up at the pesticide control division of EPA. I object when an auditor from a large accounting firm works for the chief auditor of the SEC—and the SEC has filed allegation of fraud against the firm from which the interchange candidate works for.

The list of obvious potential conflicts of interest is endless. Who among us knows how many real conflicts have existed because of the manner in which this program has proceeded. It seems to me that the Congress must be very alert to prevent potential conflicts of interest. We must not participate in the institutionalization of potential conflict-of-interest situations because of programs just like the Presidential interchange program.

As the GAO recently said in its report to me on conflicts of interest in this program:

In our view, the more important question raised by FEO's use of presidential executive interchange program personnel with oil and related industry backgrounds concerns the judgment exercised in placing executives on a year's leave of absence from private industry in positions in an agency exercising a regulatory-type responsibility over the activities of the very company to which the individual involved will return at the completion of his year's assignment. It was this action which created potential conflict of interest situations. At your request, we now are making a broad review of the Presidential Executive Interchange program.

It took us years to begin to root out this very kind of conflict system at the Department of Defense and here we are, a party to its institutionalization.

In any event, I feel strongly that the appropriation of funds for this program would be contrary to both the statute and House rule I have cited.

I ask the Chair to rule.

The CHAIRMAN. Does the gentleman from Oklahoma desire to be heard on the point of order?

Mr. STEED. Mr. Chairman, we concede the point of order.

The CHAIRMAN. The gentleman from Oklahoma (Mr. STEED) concedes the point of order.

The point of order is sustained.

POINT OF ORDER

Mr. SYMMS. Mr. Chairman, I make a point of order to the language to be found on page 12, lines 7 and 8, which read as follows: "not to exceed \$2,500 for official reception and representation expenses."

Mr. Chairman, I make a point of order because it is not authorized by law.

Mr. STEED. Mr. Chairman, we concede the point of order.

The CHAIRMAN. The gentleman from Oklahoma (Mr. STEED) concedes the point of order.

The point of order is sustained.

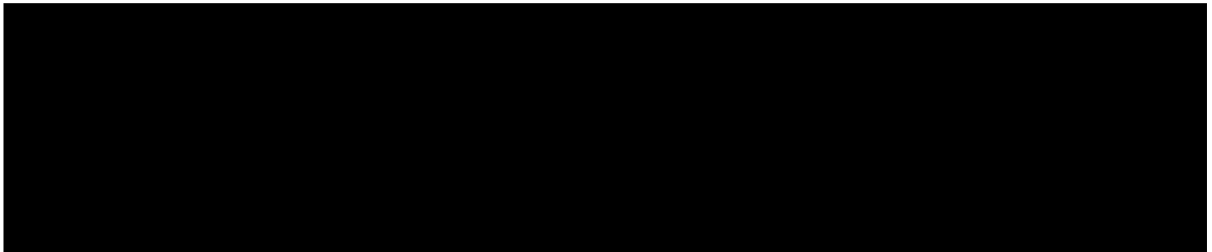
Does the gentleman from Oklahoma have an amendment to offer?

Mr. STEED. Mr. Chairman, not having a copy of what has been stated here, we are having a little bit of difficulty. My

In February 1973 the Central Intelligence Agency received its first invitation to participate in the President's Executive Interchange Program by letter addressed to Dr. Schlesinger, the then Director of Central Intelligence.

Of our two nominees that Spring, one was placed in the private

25X1A



reports it has been developmental and broadening. While not bound by any "Continued Service Agreement" because of his LWOP status with the Agency, it is presumed that [REDACTED] will return to duty in October and that his parent component will reassign him to a position which will bring to bear the fruit of his experience.

25X1A

We have two nominees in process for participation in the Program next year - they are being interviewed by private industry now.

To date the Agency has not received an individual from the private sector because of security and manpower considerations.

25X1A

Approved For Release 2000/06/13 : CIA-RDP78-04202A000200130004-5

Approved For Release 2000/06/13 : CIA-RDP78-04202A000200130004-5